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RUEHPW/AMCONSUL PESHAWAR 4235
RUEHKP/AMCONSUL KARACHI 9754
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S E C R E T ISLAMABAD 001932

SIPDIS

E.O. 12958: DECL: 05/23/2018
TAGS: ECON EFIN ETTC KNNP MNUC PREL PK
SUBJECT: PAKISTAN: RESPONSE TO REQUEST FOR VIGILANCE REGARDING BANK
MELLI BRANCH

REF: State 51207

Classified by DCM Peter Bodde, reasons 1.4 (b), (c), and (d)

¶1. (S) Economic Counselor and Economic Officer delivered reftel
demarche May 22 to senior officials at the Ministries of Finance and
Foreign Affairs (MFA). Both Ministry of Foreign Affairs Americas
Director General Sohail Mahmood and Ministry of Finance Senior Joint
Secretary Iqbal Hussain pledged to share our concerns with relevant
Government of Pakistan (GOP) agencies, including the State Bank of
Pakistan (SBP).

¶2. (S) EconOff met separately with MFA Director for Disarmament
Kamran Akhtar on May 23. Akhtar stated that the GOP was fully
compliant with UN Security Council resolutions 1803, 1737 and 1747
and remained vigilant with respect to Iranian financial activities in
Pakistan. Aiming to allay USG concerns, he reported that no
Pakistani banks have corresponding relationships with Iranian banks.
The State Bank of Pakistan has frozen accounts belonging to Bank
Sepah, and the GOP has already issued three statutory regulation
orders (SRO) urging banking sector caution with respect to financial
transactions with Iran.

¶3. (S) Akhtar reported that a final decision has yet to be made on
Bank Melli's request to open a branch in Karachi. While Pakistan
will follow the Financial Action Task Force (FATF) recommendation of
"enhanced vigilance" of Iranian banking activities, the GOP is
looking for FATF to further define what actions are required for
"enhanced vigilance."

PATTERSON